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INFO RUEHFR/AMEMBASSY PARIS 0462  
RUEHSM/AMEMBASSY STOCKHOLM 0071  
RUEHRG/AMCONSUL RECIFE 8600  
RUEHRI/AMCONSUL RIO DE JANEIRO 6766  
RUEHSO/AMCONSUL SAO PAULO 2938  
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C O N F I D E N T I A L SECTION 01 OF 02 BRASILIA 001373

SIPDIS

STATE FOR WHA/BSC AND PM/RSAT, COMMERCE FOR ADVOCACY CENTER  
AND MAC/ANN DRISCOLL

E.O. 12958: DECL: 10/10/2018

TAGS: BR PREL MARR ETTC

SUBJECT: BRAZIL'S FIGHTER COMPETITION - THE IMPORTANCE OF  
TECH TRANSFER

REF: A. BRASILIA 1061  
1B. BRASILIA 847  
1C. BRASILIA 175

Classified By: AMBASADOR CLIFFORD SOBEL. REASON: 1.5(d)

11. (U) This is an action request -- see paragraph 8.

12. (C) SUMMARY. On September 29th, the Brazilian Air Force (FAB) announced its three finalists for Brazil's next generation fighter aircraft (FX2): the Boeing F18 Super Hornet, the Dassault Rafale and the Saab Gripen. The winner of the competition will become the backbone of Brazil's Air Force for the next thirty years. Should Boeing get the sale, it would provide us a key building block for a U.S.-Brazil strategic partnership on defense issues. While the French plane is widely viewed as the front runner, the relevant FAB personnel maintain that the competition remains open. The F18 has significant advantages of cost, technology and partnership with the United States, but suffers from a perception that U.S. technology transfer policies will inhibit the sale. Rather than focus discussion with Brazil on the bureaucratic procedures we must follow and what may or may not be possible, our message should highlight that we are fully behind the Super Hornet sale and that the USG's record of tech transfer to friendly countries such as Brazil is extensive. By addressing the tech transfer concern both privately and in the public and by providing confidence that planes will be delivered should the FAB decide in Boeing's favor, the USG can clear the major perceived obstacle to a Boeing purchase and allow the Super Hornet's natural advantages to speak for themselves. END SUMMARY.

13. (C) As noted in ref c, Brazil is undertaking a major modernization of its armed forces, creating a critical opportunity for the U.S. to enhance its partnership with Brazil into one where Brazil can play a real role as a regional power in promoting stability and democracy. The purchase of a new primary fighter aircraft may be the most important component of this process, both because of the practical cooperation that a sharing of billions of dollars of equipment and technology will bring and for the symbolic value of treating Brazil as a valued U.S. partner by sharing one of our most capable and advanced combat systems. Purchase of U.S. planes would be a mutually beneficial outcome. The United States gains a more capable, interoperable partner. By selecting a U.S. aircraft, Brazil

would also be gaining access to support training both in the use of advanced aircraft and in employment of high tech fighters as part of integrated, net centric operations.

¶4. (C) Thus far, most public discussion in Brazil of the possible Super Hornet purchase has not gone beyond a repetition of the mantra that Washington does not transfer technology. Most of the blame for the perceived anti-Brazil policy is placed with the State Department (coincidentally, State is also being depicted in the media as single-handedly responsible for forcing Brazil to drop the Russian fighter bid). The assumption that the U.S. will withhold export approval is based upon Cold War era reluctance to introduce new military technology into Latin America, and enhanced by the denial of re-export of U.S. components of Brazilian-made Super Tucan aircraft to Venezuela. This case was not, in fact, a question of technology transfer, but was perceived in Brazil as evidence of U.S. policy aimed at keeping Brazil from becoming a major regional military power.

¶5. (SBU) Local media on the prospects for the F18 has been generally negative. One Brazilian newspaper, however, asserted that were it not for U.S. tech transfer policies, the Super Hornet would have advantages of economies of sale.

Another claimed that Boeing was included only as a courtesy to Washington. Strangely, although both of the Super Hornet's competitors have SML content and will require U.S. retransfer approval, no one in Brazil seems to have noticed that the purchase of the French plane will also require clearance by the State Department's much maligned export control system. Without a clear message from the U.S.

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government, both through public statements and to the GOB, perception that we are unwilling to transfer technology will become the political reality. Failure to correct the misperception risks losing a key facilitator of military cooperation for the next thirty years and closes an important avenue for commercial relations as well.

¶6. (C) It is critical to the sale for the USG to overcome as soon as possible the presumption that our technology transfer policies are grounds for rejecting the F18. On August 18 FAB chief Saito told Ambassador Sobel clearly that technology transfer will be the most important determining factor in Brazil's final decision. While Post understands that U.S. regulations do not permit "pre-approval" of decisions to transfer F18 technology, we need to find ways to assure the GOB, publicly at the highest possible levels, that the USG fully supports Boeing's sales effort and that we do so with the understanding that sale of advanced fighters will necessarily involve transfer of technology. Post understands that there are decisions to be made as to precisely what levels of technology any Super Hornets eventually transferred to Brazil would carry. Rather than focus discussion with Brazil on the bureaucratic procedures we must follow and what may or may not be possible, our message should highlight that we are fully behind the Super Hornet sale and that the USG's record of tech transfer to friendly countries such as Brazil is extensive.

¶7. (C) By putting the tech transfer question behind us, we open the door for Boeing to use its strengths and experience in marketing its products effectively. As noted in refs a and b, The F18 on offer has significant advantages over its competitors in performance and life cycle cost. In addition, it will confer upon Brazil the prestige of operating one of the world's top multi-role aircraft, while putting Brazilian aerospace in partnership with the world's leader in that field.

¶8. (C) Action Request: Embassy Brasilia would like to participate as appropriate as soon as possible in discussions with Washington agencies and Boeing to develop a strategy for addressing the GOB's technology transfer concerns and taking other steps necessary to put Super Hornets into Brazil's

skies.  
SOBEL